

**Office of Inspector General**

**NEWS RELEASE**

**(For Immediate Release)**

February 9, 2004

**UNIVERSITY OF CALIFORNIA AGREES TO \$3.89 MILLION SETTLEMENT**

In response to a press inquiry, Gregory H. Friedman, Inspector General, U.S. Department of Energy, confirmed today that the University of California has agreed to pay \$3.89 million to settle a civil claim resulting from an IG investigation of allegations of labor mischarging at the Lawrence Livermore National Laboratory. The University of California is the contract manager of the Laboratory. The U.S. Department of Justice (DOJ) negotiated the settlement with the University.

The IG and DOJ investigation disclosed that from 1994-1998, University personnel employed at Lawrence Livermore mischarged direct labor hours to various unrelated projects—for example, charging labor hours from projects with limited funds to more fully funded projects. The investigation also disclosed instances where employees improperly charged hours directly to specific projects rather than overhead. Improper deliverable costs were also identified under two Laboratory subcontracts. The investigation was initiated in 1999 after allegations were raised in a *qui tam* suit filed under the False Claims Act.

As part of the settlement, the University of California denied any wrongdoing.

Mr. Friedman stated that, “This settlement is the culmination of intense investigative activity by this office, in collaboration with the Civil Division of the U.S. Department of Justice.” He expressed his appreciation for the effectiveness of the cooperative effort between the Justice Department and his staff.

**Office of Inspector General Media Contact: Wilma Slaughter, 202-586-1924**